

## Registre de Commerce et des Sociétés

Numéro RCS : B73145

Référence de dépôt : L160143739

Déposé et enregistré le 28/07/2016

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RCSL Nr. : B73145

Matricule : 2000 2202 701

eCDF entry date : 26/07/2016

## BALANCE SHEET

Financial year from <sup>01</sup> 01/01/2015 to <sup>02</sup> 31/12/2015 (in <sup>03</sup> EUR )

GEMPLUS INTERNATIONAL S.A.

32, Boulevard Joseph II  
L-1840 Luxembourg

## ASSETS

	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>	1101 _____	101 _____ 0,00	102 _____ 0,00
I. Subscribed capital not called	1103 _____	103 _____ 0,00	104 _____ 0,00
II. Subscribed capital called but unpaid	1105 _____	105 _____ 0,00	106 _____ 0,00
<b>B. Formation expenses</b>	1107 _____	107 _____ 0,00	108 _____ 0,00
<b>C. Fixed assets</b>	1109 _____	109 _____ 14.154.696,95	110 _____ 12.776.205,83
I. Intangible fixed assets	1111 _____	111 _____ 0,00	112 _____ 0,00
1. Research and development costs	1113 _____	113 _____ 0,00	114 _____ 0,00
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115 _____	115 _____ 0,00	116 _____ 0,00
a) acquired for valuable consideration and need not be shown under C.I.3	1117 _____	117 _____ 0,00	118 _____ 0,00
b) created by the undertaking itself	1119 _____	119 _____ 0,00	120 _____ 0,00
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 _____ 0,00	122 _____ 0,00
4. Payments on account and intangible fixed assets under development	1123 _____	123 _____ 0,00	124 _____ 0,00
II. Tangible fixed assets	1125 _____	125 _____ 0,00	126 _____ 0,00
1. Land and buildings	1127 _____	127 _____ 0,00	128 _____ 0,00
2. Plant and machinery	1129 _____	129 _____ 0,00	130 _____ 0,00

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B73145

Matricule : 2000 2202 701

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131 _____	131 _____ 0,00	132 _____ 0,00
4. Payments on account and tangible fixed assets under development	1133 _____	133 _____ 0,00	134 _____ 0,00
III. Financial fixed assets	1135 _____	135 _____ 14.154.696,95	136 _____ 12.776.205,83
1. Shares in affiliated undertakings	1137 _____ 2.2 5	137 _____ 14.154.696,95	138 _____ 12.776.205,83
2. Amounts owed by affiliated undertakings	1139 _____	139 _____ 0,00	140 _____ 0,00
3. Shares in undertakings with which the undertaking is linked by virtue of participating interests	1141 _____	141 _____ 0,00	142 _____ 0,00
4. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1143 _____	143 _____ 0,00	144 _____ 0,00
5. Securities and other financial instruments held as fixed assets	1145 _____	145 _____ 0,00	146 _____ 0,00
6. Loans and claims held as fixed assets	1147 _____	147 _____ 0,00	148 _____ 0,00
7. Own shares or own corporate units	1149 _____	149 _____ 0,00	150 _____ 0,00
<b>D. Current assets</b>	1151 _____	151 _____ 8.619.251,68	152 _____ 7.755.688,84
I. Inventories	1153 _____	153 _____ 0,00	154 _____ 0,00
1. Raw materials and consumables	1155 _____	155 _____ 0,00	156 _____ 0,00
2. Work and contracts in progress	1157 _____	157 _____ 0,00	158 _____ 0,00
3. Finished goods and merchandise	1159 _____	159 _____ 0,00	160 _____ 0,00
4. Payments on account	1161 _____	161 _____ 0,00	162 _____ 0,00
II. Debtors	1163 _____	163 _____ 8.514.647,48	164 _____ 5.737.538,18
1. Trade receivables	1165 _____	165 _____ 0,00	166 _____ 0,00
a) becoming due and payable within one year	1167 _____	167 _____ 0,00	168 _____ 0,00
b) becoming due and payable after more than one year	1169 _____	169 _____ 0,00	170 _____ 0,00
2. Amounts owed by affiliated undertakings	1171 _____ 2.3 7	171 _____ 8.514.647,48	172 _____ 5.737.538,18
a) becoming due and payable within one year	1173 _____	173 _____ 8.514.647,48	174 _____ 5.737.538,18
b) becoming due and payable after more than one year	1175 _____	175 _____ 0,00	176 _____ 0,00
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177 _____	177 _____ 0,00	178 _____ 0,00
a) becoming due and payable within one year	1179 _____	179 _____ 0,00	180 _____ 0,00
b) becoming due and payable after more than one year	1181 _____	181 _____ 0,00	182 _____ 0,00

RCSL Nr. : B73145

Matricule : 2000 2202 701

	Reference(s)	Current year	Previous year
4. Other receivables	1183 _____	183 _____ 0,00	184 _____ 0,00
a) becoming due and payable within one year	1185 _____	185 _____ 0,00	186 _____ 0,00
b) becoming due and payable after more than one year	1187 _____	187 _____ 0,00	188 _____ 0,00
III. Transferable securities and other financial instruments	1189 _____	189 _____ 82.297,54	190 _____ 1.927.435,79
1. Shares in affiliated undertakings and in undertakings with which the undertaking is linked by virtue of participating interests	1191 _____	191 _____ 0,00	192 _____ 0,00
2. Own shares or own corporate units	1193 _____ 2.4 7	193 _____ 82.297,54	194 _____ 1.927.435,79
3. Other transferable securities and other financial instruments	1195 _____	195 _____ 0,00	196 _____ 0,00
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197 _____ 2.5 7	197 _____ 22.306,66	198 _____ 90.714,87
E. Prepayments	1199 _____	199 _____ 0,00	200 _____ 0,00
<b>TOTAL (ASSETS)</b>		201 _____ 22.773.948,63	202 _____ 20.531.894,67

**LIABILITIES**

	Reference(s)	Current year	Previous year
<b>A. Capital and reserves</b>			
	1301 <u>3</u>	301 <u>12.109.688,14</u>	302 <u>10.568.682,76</u>
I. Subscribed capital	1303 _____	303 <u>2.826.728,40</u>	304 <u>2.826.728,40</u>
II. Share premium and similar premiums	1305 _____	305 <u>34.639.108,58</u>	306 <u>32.793.970,33</u>
III. Revaluation reserves	1307 _____	307 <u>0,00</u>	308 <u>0,00</u>
IV. Reserves	1309 _____	309 <u>364.970,38</u>	310 <u>2.210.108,63</u>
1. Legal reserve	1311 <u>4</u>	311 <u>282.672,84</u>	312 <u>282.672,84</u>
2. Reserve for own shares or own corporate units	1313 _____	313 <u>82.297,54</u>	314 <u>1.927.435,79</u>
3. Reserves provided for by the articles of association	1315 _____	315 <u>0,00</u>	316 <u>0,00</u>
4. Other reserves	1317 _____	317 <u>0,00</u>	318 <u>0,00</u>
V. Profit or loss brought forward	1319 _____	319 <u>-27.262.124,60</u>	320 <u>-29.260.351,52</u>
VI. Profit or loss for the financial year	1321 _____	321 <u>1.541.005,38</u>	322 <u>1.998.226,92</u>
VII. Interim dividends	1323 _____	323 <u>0,00</u>	324 <u>0,00</u>
VIII. Capital investment subsidies	1325 _____	325 <u>0,00</u>	326 <u>0,00</u>
IX. Temporarily not taxable capital gains	1327 _____	327 <u>0,00</u>	328 <u>0,00</u>
<b>B. Subordinated debts</b>	1329 _____	329 <u>0,00</u>	330 <u>0,00</u>
1. Convertible loans	1413 _____	413 <u>0,00</u>	414 <u>0,00</u>
a) becoming due and payable within one year	1415 _____	415 <u>0,00</u>	416 <u>0,00</u>
b) becoming due and payable after more than one year	1417 _____	417 <u>0,00</u>	418 <u>0,00</u>
2. Non convertible loans	1419 _____	419 <u>0,00</u>	420 <u>0,00</u>
a) becoming due and payable within one year	1421 _____	421 <u>0,00</u>	422 <u>0,00</u>
b) becoming due and payable after more than one year	1423 _____	423 <u>0,00</u>	424 <u>0,00</u>
<b>C. Provisions</b>	1331 _____	331 <u>0,00</u>	332 <u>0,00</u>
1. Provisions for pensions and similar obligations	1333 _____	333 <u>0,00</u>	334 <u>0,00</u>
2. Provisions for taxation	1335 _____	335 <u>0,00</u>	336 <u>0,00</u>
3. Other provisions	1337 _____	337 <u>0,00</u>	338 <u>0,00</u>
<b>D. Non subordinated debts</b>	1339 <u>2.8 7</u>	339 <u>10.664.260,49</u>	340 <u>9.963.211,91</u>
1. Debenture loans	1341 _____	341 <u>0,00</u>	342 <u>0,00</u>
a) Convertible loans	1343 _____	343 <u>0,00</u>	344 <u>0,00</u>
i) becoming due and payable within one year	1345 _____	345 <u>0,00</u>	346 <u>0,00</u>
ii) becoming due and payable after more than one year	1347 _____	347 <u>0,00</u>	348 <u>0,00</u>

RCSL Nr. : B73145

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	Reference(s)	Current year	Previous year
b) Non convertible loans	1349	0,00	0,00
i) becoming due and payable within one year	1351	0,00	0,00
ii) becoming due and payable after more than one year	1353	0,00	0,00
2. Amounts owed to credit institutions	1355	0,00	0,00
a) becoming due and payable within one year	1357	0,00	0,00
b) becoming due and payable after more than one year	1359	0,00	0,00
3. Payments received on account of orders as far as they are not deducted distinctly from inventories	1361	0,00	0,00
a) becoming due and payable within one year	1363	0,00	0,00
b) becoming due and payable after more than one year	1365	0,00	0,00
4. Trade creditors	1367	60.290,08	98.047,00
a) becoming due and payable within one year	1369	60.290,08	98.047,00
b) becoming due and payable after more than one year	1371	0,00	0,00
5. Bills of exchange payable	1373	0,00	0,00
a) becoming due and payable within one year	1375	0,00	0,00
b) becoming due and payable after more than one year	1377	0,00	0,00
6. Amounts owed to affiliated undertakings	1379	0,00	0,00
a) becoming due and payable within one year	1381	0,00	0,00
b) becoming due and payable after more than one year	1383	0,00	0,00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	0,00	0,00
a) becoming due and payable within one year	1387	0,00	0,00
b) becoming due and payable after more than one year	1389	0,00	0,00
8. Tax and social security debts	1391	3.300.000,00	3.300.000,00
a) Tax debts	1393	3.300.000,00	3.300.000,00
b) Social security debts	1395	0,00	0,00

RCSL Nr. : B73145

Matricule : 2000 2202 701

	Reference(s)	Current year	Previous year
9. Other creditors	1397 _____	397 <u>7.303.970,41</u>	398 <u>6.565.164,91</u>
a) becoming due and payable within one year	1399 _____	399 <u>0,00</u>	400 <u>0,00</u>
b) becoming due and payable after more than one year	1401 <u>10</u>	401 <u>7.303.970,41</u>	402 <u>6.565.164,91</u>
<b>E. Deferred income</b>	1403 _____	403 <u>0,00</u>	404 <u>0,00</u>
<b>TOTAL (LIABILITIES)</b>		405 <u>22.773.948,63</u>	406 <u>20.531.894,67</u>

**Registre de Commerce et des Sociétés**

Numéro RCS : B73145

Référence de dépôt : L160143739

Déposé le 28/07/2016

**Gemplus International S.A.**

Société Anonyme

Notes to the audited annual accounts

as at December 31, 2015

**Gemplus International SA**  
**Notes to the audited annual accounts as at December 31, 2015**

**Note 1 – The Company**

***General***

Gemplus International SA ("the Company") was incorporated as a "société anonyme" in the Grand Duchy of Luxembourg on December 6, 1999.

The corporate purpose of the Company is to:

- manufacture and trade in all types of electrical, electronic, or mechanical goods or equipment and in software and software services;
- purchase, manufacture and sell all products, components and materials which may be used in the context of the above-mentioned activities;
- provide all services and act as general contractor for all projects relating to or in connection with the above-mentioned activities; and
- perform research and scientific and technical studies on, to apply for, acquire, develop and license, all patents, licenses, inventions, processes, brands, and models that may have a connection with the Company's purpose.

The Company may also carry out all transactions pertaining directly or indirectly to the acquiring of participating interests in any enterprises in whatever form and the administration, management, control and development of those participating interests.

The Company is formed for an unlimited duration. It is registered with the Luxembourg Registration Office under the number B 73145.

The financial year of the Company runs from January 1 to December 31 each year.

The Company is included in the consolidated accounts of Gemalto N.V. forming the largest and the smallest body of undertakings of which the Company forms a part as a subsidiary undertaking. The address of the registered office of Gemalto N.V. is Barbara Strozilaan 382, 1083 HN Amsterdam, the Netherlands. The consolidated financial statements are available at [www.gemalto.com](http://www.gemalto.com).

On the basis of the criteria set out by the Luxembourg law, the Company is exempted from establishing consolidated accounts and a consolidated management report for the year ended December 31, 2015. The accounts were consequently prepared on an unconsolidated basis.

**Note 2 – Summary of significant accounting policies**

***2.1. Basis of preparation***

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones down by the Law of 19 December 2002, as amended, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise their judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



**Gemplus International SA**  
**Notes to the audited annual accounts as at December 31, 2015**

The main valuation rules applied by the Group are the following:

## **2.2 Financial fixed assets**

Financial fixed assets correspond to investments in subsidiaries. They are initially recorded at acquisition cost in the balance sheet. The Company reviews the carrying value of its investments on a regular basis. A provision is recorded for any excess of carrying value compared to its net realizable value, such analysis being performed independently on a company by company basis so that each investment is presented at the lower of cost or net realizable value. These value adjustments are no longer be carried if the reasons for which they were recorded have ceased to apply. Potential gains are not recognized whereas losses compared to the related carrying value are recorded immediately.

## **2.3 Debtors**

Debtors are valued at their nominal value. When the recoverable value at year-end is lower than the nominal value, a value adjustment is recorded. The value adjustment is not continued if the reasons for which the value adjustment was made have ceased to apply.

## **2.4 Own shares**

From time to time, with the prior approval of the Company's shareholders, the Company may repurchase a portion of its outstanding ordinary shares. Shares repurchased by the Company could be cancelled or used to fulfill its obligations under stock option plans or for any other purpose subject to applicable laws and regulations. Own shares are presented at cost in current assets and a corresponding un-distributable reserve has been recorded within shareholders equity. The difference between the acquisition price of shares brought back and held in own shares and the exercise price of those shares is accounted for as a loss at the time of exercise of the options.

## **2.5 Cash at bank and in hand**

Cash at bank and in hand corresponds primarily to cash at bank.

## **2.6 Foreign currency translation**

The Company presents its accounts in euros and both the balance sheet and profit and loss account are expressed in this currency.

Transactions in foreign currencies are translated using the daily exchange rate on the date the transaction occurred.

Fixed assets expressed in currency other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance-sheet date, these assets remain translated at historical exchange rates.

Cast at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. Solely the unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

**Gemplus International SA**  
**Notes to the audited annual accounts as at December 31, 2015**

## 2.7 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions for taxation corresponding to the difference between the tax liability estimated by the Company and the advance payments for the financial years for which the tax return has not yet been filed are recorded under the caption "Tax debts".

## 2.8 Non-subordinated debts

Non-subordinated debts are included in liabilities at settlement value.

## Note 3 – Capital and reserves

Changes in capital and reserves for fiscal year 2015 are as follows:

(In thousands of euros)	Date	Number of shares (in units)	Subscribed capital	Share premium and similar premiums	Legal reserve	Reserve for own shares	Profit or loss brought forward	Profit or loss for the financial year	Total
<b>Shareholders' equity as at December 31, 2014</b>		14,133,642	2,827	32,794	283	1,927	(29,260)	1,998	10,569
Allocation of prior year income		-	-	-	-	-	1,998	(1,998)	-
Release of reserve pursuant to stock options exercised		-	-	1,845	-	(1,845)	-	-	-
Net income	Dec 31, 2015	-	-	-	-	-	-	1,541	1,541
<b>Shareholders' equity as at December 31, 2015</b>		14,133,642	2,827	34,639	283	62	(27,262)	1,541	12,110

### Year-ended December 31, 2015

As of December 31, 2015, the reserve for own shares amounts to € 82,297,54 (representing 30.622 shares) as it has been reduced by € 1,845 thousand (representing 685.925 shares) during the year 2015, following the exercise of stock options (see below).

The own shares disposed during the year were acquired by the Company at a share price of € 2,69. Due to the exercise price of the stock options ranging from € 1,56 to € 1,76 during the year, the proceeds of these disposals amount to € 1.101.643 generating a financial charge of € 743.496 for the year ended December 31, 2015.

At year-end, the subscribed capital was set at € 2.826.728,40 consisting of 14.133.642 shares in registered form without nominal value.

### Year-ended December 31, 2014

As of December 31, 2014, the reserve for own shares amounts to € 1.927.436 as it has been reduced by € 193 thousand (representing 71.562 shares) during the year 2014, following the exercise of stock options (see below).

The own shares disposed during the year were acquired by the Company at a share price of € 2,69. Due to the exercise price of the stock options ranging from € 1,61 to € 1,76 during the year, the proceeds of these disposals amount to € 124.631 generating a financial charge of € 67.872 for the year ended December 31, 2014.

At year-end, the subscribed capital was set at € 2.826.728,40 consisting of 14.133.642 shares in registered form without nominal value.

## Note 4 – Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the profit of the year, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

**Gemplus International SA**  
**Notes to the audited annual accounts as at December 31, 2015**

**Note 5 – Shares in affiliated undertakings**

Movements for the years 2014 and 2015 are as follows:

(in thousands euros)	Acquisition cost	Valuation allowance	Carrying value
<b>December 31, 2013</b>	<b>752.131</b>	<b>(739.799)</b>	<b>12.332</b>
Change in valuation allowance			
Zenzus (Gibraltar)	-	753	753
Sale/liquidation of affiliates :			
Gemalto de Columbia SA	(309)	-	(309)
<b>December 31, 2014</b>	<b>751.822</b>	<b>(739.046)</b>	<b>12.776</b>
Change in valuation allowance			
Zenzus (Gibraltar)	-	732	732
Gemplus limited (UK)	-	647	647
<b>December 31, 2015</b>	<b>751.822</b>	<b>(737.667)</b>	<b>14.155</b>

In 2014, the Company completed the sale of its subsidiary in Columbia to other Group companies. The sales generated a net profit of € 1.475 thousand.

Main investments include the following as at December 31, 2015:

Subsidiary	Acquisition cost	Valuation allowance	Carrying value	Net equity as of December 31, 2015	Net result for 2015	Country of Incorporation	(in thousands of euros) Percentage of ownership as at December 31, 2015
Zenzus Holdings Limited (in liquidation)	727.845	(720.593)	7.252	7.252 (*)	731	Gibraltar	100%
GEMPLUS Limited	18.904	(14.846)	4.058	4.058 (**)	10	UK	100%
Goldpac Group Limited	2.188	-	2.188	177.050 (***)	14.087	Hong Kong	18,39%
Gemplus India Private Limited	2.067	(2.067)	-	(19) (****)	(34)	India	99,9999%
GEMPLUS Management & Trading S.A	657	-	657	998 (***)	(146)	Switzerland	100%
IPX Beijing Technology Co., Limited	161	(161)	-	(321) (***)	6	China	100%
<b>Total shares in affiliated undertakings and related provisions</b>	<b>751.822</b>	<b>(737.667)</b>	<b>14.155</b>				

(\*) Based on unaudited annual accounts as of December 31, 2015

(\*\*) Based on audited financial statements as of December 31, 2014

(\*\*\*) Based on audited/reviewed accounts as of December 31, 2015

(\*\*\*\*) Based on audited accounts as of March 31, 2015

**Note 6 – Amounts owed by affiliated undertakings becoming due and payable after more than one year**

Amounts owed by affiliated undertakings becoming due and payable after more than one year are as follows at December 31, 2015:

Loans and advances to affiliated undertakings	Dec 31, 2014	Movements in 2015	Dec 31, 2015
Gemplus India Private Limited	737	-	737
Impairment	(737)	-	(737)
<b>Loans and advances to affiliated undertakings</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Gemplus India Private Limited advance was fully impaired in 2011.

**Gemplus International SA**  
**Notes to the audited annual accounts as at December 31, 2015**

**Note 7 – Maturities of assets and liabilities**

As at December 31, 2015, maturities of assets and liabilities are detailed as follows:

<b>Assets</b>	<b>Gross value</b>	<b>(in thousands of euros)</b>	
		<b>Less than 1 year</b>	<b>More than 1 year</b>
Accounts receivable (group)	44	44	-
Current accounts (group)	8,471	8,471	-
Cash in bank	22	22	-
Own shares	82	82	-
<b>Total assets</b>	<b>8,619</b>	<b>8,619</b>	-

<b>Liabilities</b>	<b>Gross value</b>	<b>(in thousands of euros)</b>	
		<b>Less than 1 year</b>	<b>More than 1 year</b>
Trade creditors	60	60	-
Tax and social security	3,300	3,300	-
Other creditors	7,304	-	7,304
<b>Total liabilities</b>	<b>10,664</b>	<b>3,360</b>	<b>7,304</b>

The current accounts bear a monthly average interest rate based on the 1 month Euribor, with an increase of 50 bps if the Company is a creditor and reduced by 10 bps if the Company is a debtor. Repayment date is not determined.

“Other creditors” include an amount of € 7,304 thousand payable to a former Chairman of the Board of Directors of the Company, Marc Lassus. The Company agreed to pay to Mr. Lassus this amount upon fulfillment of certain specific conditions that have not yet been fulfilled as at December 31, 2015 (see Note 10).

**Note 8 – Net financial income**

Financial income and charges were comprised of the following:

<b>Year ended December 31,</b>	<b>(in thousands of euros)</b>	
	<b>2015</b>	<b>2014</b>
Other interest and similar financial charges: exchange gain/(loss)	(737)	(731)
Value adjustments on financial current assets: loss on own shares	(743)	(68)
<b>Other financial charges (net)</b>	<b>(1,480)</b>	<b>(799)</b>
Dividends received	1,791	717
Reversal of value adjustments on financial assets	1,378	753
Gain on disposal of investment	-	1,475
<b>Income from financial assets derived from affiliated undertakings</b>	<b>3,169</b>	<b>2,945</b>
Interest received from group companies	-	13

**Gemplus International SA**  
**Notes to the audited annual accounts as at December 31, 2015**

**Note 9 – Share option plans**

The Company may grant, under various employee share option plans (the “Plans”), options to purchase or subscribe for shares to its employees and officers. Under the various Plans, the exercise price of options granted may be less than the fair market value of the shares at the date of grant. The options must be exercised within seven to ten years of the date of grant and typically vest equally over a period of three to four years, subject to certain exceptions. There were not anymore options outstanding as of 31 December 2015.

In accordance with the article 3.3(a) of the Combination Agreement between Gemalto N.V. and the Company signed on December 6, 2005, Gemalto N.V. guarantees to the holders of Gemplus International SA stock options the right to exchange their future shares in Gemplus International SA for shares of Gemalto N.V. on the same basis as the exchange ratio of the public exchange offer (i.e. 25 Gemplus International SA shares for 2 Gemalto N.V. shares). The last outstanding options were exercised in 2015.

**Note 10 – Legal proceedings**

In 2000, Marc Lassus, a former chairman of the Company’s Board, was granted by the Group a loan of € 71.900 thousand to finance the exercise of stock options. In December 2001, Mr. Lassus ceased his active involvement with the Company. In the second quarter of 2002, the Company learnt that Mr. Lassus had financial difficulties that would affect his ability to repay the loan plus accrued interest (€ 78.764 thousand) as at December 31, 2015. Accordingly, a provision recorded originally as of June 30, 2002 and amounting to € 68.072 thousand as of December 31, 2015, takes into account a severance payable which is conditioned on reimbursement of the loan. In proceedings brought by the Company, in April 2004, an arbitral tribunal issued a final award in favor of the Company and its subsidiary against Mr. Lassus in the amount of € 71.900 thousand, plus accrued interest and attorneys’ fees and costs. The Company and its subsidiary have not forgiven the loan or released the arbitration award.

In addition to the legal actions and claims mentioned above, the Company is subject to legal proceedings, claims and legal actions arising in the ordinary course of business. The Company’s management does not expect that the ultimate costs to resolve these other matters will have a material adverse effect on the Company’s financial position or results of operations.

**Note 11 – Taxation**

The Company is subject to the income tax regulations that generally apply to companies incorporated in Luxembourg.

**Note 12 – Staff**

The Company had no employee during the years 2015 and 2014.

**Note 13 – Commitments and contingencies**

As at December 31, 2015, bank guarantees, mainly performance and bid bonds, amounted to € 379 thousand (€ 340 thousand as at December 31, 2014). These guarantees have been issued as part of the Company’s normal operations in order to secure the performance of its affiliated companies under contracts or tenders for business. These guarantees become payable based upon the non-performance of the Company’s affiliated companies.

**Gemplus International SA**  
**Notes to the audited annual accounts as at December 31, 2015**

**Note 14 - Remuneration, loans, advances and commitments granted to board members and commitments entered into in respect of retirement pensions for former board members**

The Company did not grant any remuneration to members of supervisory bodies for the services rendered during the year. The Company has no commitment in respect of retirement pensions for former members of those bodies as at December 31, 2015.

The Company did not grant any loan and advance to the members of the administrative, managerial and supervisory bodies and has not entered into commitment on their behalf.

**Note 15 – Subsequent events**

The Company declared a dividend in May 2016 from its investment in Goldpac Group Limited for a total amount of HKD 22.939.677 (equivalent of approximately € 2.603.823).

In May 2016, the Company sold its investment in IPX Beijing Technology Co., Limited to Gemalto N.V for a consideration of € 72.833.

To management's knowledge, there are no other significant events that occurred since December 31, 2015, which would materially impact the financial statements of Gemplus International SA, as presented in this document.

**Gemplus International S.A.**  
**Société Anonyme**  
**Head Office: 32, Boulevard Joseph II**  
**L-1840 Luxembourg**  
**R.C.S. Luxembourg B 73.145**

**Allocation of the result of the financial year**

The sole Shareholder of the company Gemplus International S.A. decided on 21 July 2016 to allocate the result for the financial year 2015 being a gain amounting to 1,541,005.38EUR to the distributable reserves.

**Directors:**

- Eke BIJZITTER, Director, with address at 382, Barbara Strozziilaan, 1083 HN Amsterdam, The Netherlands;
- Johannes Wilhelmus Leonardus DE REUS, Director, with address at 382, Barbara Strozziilaan, 1083 HN Amsterdam, The Netherlands;
- Lloyd SMITH, Director, with address at 49, Downside Avenue, SO19 7BU Bitterne, Southampton, Hampshire, United Kingdom;

**Statutory Auditor:**

- PricewaterhouseCoopers, Société coopérative, Statutory auditor, with address at 2, rue Gerhard Mercator, L-2182 Luxembourg, Grand-Duchy of Luxembourg;